

Appendix 3 – Selective Licensing Operating Model and Business Plan

Highlight Summary

- Proposed online applications, with presumption to issue licences, unless valid reasons to refuse
- Proposed fee of £780 for standard applications and £480 for accredited landlords.
- Fee split into 2 payments - Part A and part B
- Requires landlords to be proactive in managing their properties
- Estimate 32,000 properties will be licensable
- Team of 75 staff (5 year average) to successfully deliver the scheme, including licensing, enforcement and housing liaison staff
- Other fees for applicants and landlords who cause extra work ensuring maximum cost recovery

The Selective Licensing Team

This team will be based in Community Protection and within the Environmental Health and Safer Housing Service. Consideration is being given to locating the service will be located at Isabella Street in a proposed future Housing Hub for the Council, subject to further due diligence. The team will have an average of 75 officers but this will vary during the period of the scheme depending on the volume of applications and the types of activity required. The team will include processing officers, officers skilled in housing standards and safety, inspection, investigation, tenancy matters and regulation as well as engagement and support. The team will have dedicated HR, legal and financial support. The overall team could consist of up to 150 FTEs and if the Council is to create an integrated hub a location that is able to accommodate this number of employees is required.

Team Functions

The principle team functions will include:

- Receiving processing and issuing / refusing licences.
- Carrying out compliance and appropriate enforcement activity
- Establishing history of failure to comply, licence, poor management and standards to identify potential rogues and proactively tackle these landlords
- To target inspections in areas where the BRE house condition survey, or intelligence identifies the likelihood of poor housing conditions, rogue landlord behaviour, or licensing and regulation around housing will contribute to crime prevention, neighbourhood improvement, improved health outcomes etc.
- To provide wider support or information to landlords and tenants to contribute to bringing positive benefits.
- To enhance engagement and interaction with landlord's tenant's stakeholders and community affected by the private rented sector

- To support homeless prevention and respond to landlords robustly if tenancies are threatened and there is illegal eviction or harassment

Operation of the scheme

The introduction of selective licensing will bring an estimated 32,000 privately rented properties into the licensing framework over the 5 year licence period.

The principles of the operation of the scheme once applications are received is to:

- Assess if the proposed licence holder and manager is fit and proper
- Issue the licence with the appropriate conditions. The licence conditions are the key to achieving improvements in property conditions and management that will be the major driver to achieve the scheme outcomes.
- Pre – inspect before licence issue if the application or information indicates that this is appropriate.
- Refuse licences or reduce the licence period if there are concerns about the proposed licence holder and / or manager not being fit and proper, unsatisfactory management arrangements or concerns about property standards
- Encourage and require landlords to adhere to the licence conditions
- Investigate complaints about housing conditions and licences breaches
- Carry out compliance checks and hazards safety assessment
- Advise and support landlords and tenants
- Take robust enforcement action as appropriate and in accordance with our enforcement guidance and policy
- Work with other services, partners and stakeholders to add value and benefit
- Utilise information available to prioritise action on a risk, intelligence, neighbourhood and citizen based response

The scheme is for 5 years and there will be a cycle of activity through the 5 year period

Table 1: Scheme priorities

Year	Promote	Process	Engage	Enforcement	Compliance	Review
1						
2						
3						
4						
5						

Table 1 demonstrates the scheme is for 5 years and there will be a cycle of activity through the 5 year period. The staffing structure will reflect these priorities and be flexible to support changes as they occur during the scheme.

Application process

Applications will be accepted from 1st July 2018, with the scheme coming into force on 1st August 2018. Applications should be made before 1st August 2018.

Applications will be made via the online portal on the council's website which can be found at www.nottinghamcity.gov.uk/. Paper applications will not be permitted.

The scheme will operate on the basis of issuing licences based mainly on the information contained in the application form and the applicant's self-declaration. Consideration will also be given to other relevant sources of information and intelligence such as data and information held by the Council and partners. This will require the landlord to provide the first part of the fee (Part A) and submit a good quality application containing all required information and documents.

The good quality application and supporting information will support the Council in undertaking a desk top assessment, putting the onus on the landlord to provide the appropriate information necessary to issue or refuse the licence. The objective is to issue licences efficiently so licence conditions are in place as it is compliance with licence conditions that will secure improved housing standards and management. Where it is appropriate, inspection will be made before determining a licence. Where property conditions or management warrant licence refusal licences will be refused. Poor quality licence applications without the correct documentation will not be deemed duly made and will not be accepted.

If a licence is granted, licence holders will be required to provide a copy of the licence to the tenants detailing the conditions the licence holder has to comply with. Licence holders will be notified that they should be proactive in managing their properties and should assess their house, taking action to remove hazards to an acceptable level. The licence conditions will require landlords to be proactive in managing their properties and will require them to have written procedures and processes in place, as well as safety certificates where required to ensure safety and adequate management. Information to support landlords in this is available on the Council's website.

Information required to support the application form.

Required

- Landlord insurance for the property
- 'Basic' Disclosure certificate (a criminal record check)
- Proof of right to reside (to live) in the UK
- Evidence of relevant training (if undertaken)
- Gas Safety Certificate
- Energy Performance Certificate (EPC)

Additional information that may be required depending on type of property or circumstances.

- Electrical Installation Condition Report or an Electrical Installation Certificate Emergency
- Escape Lighting Test Certificate
- Fire Alarm Test Certificate
- Written Fire Safety Risk Assessment
- Portable appliance test (PAT) certificate
- Building regulations completion certificate and /or planning consents

Processing licences efficiently and effectively coupled with appropriate enforcement of the licence conditions through risk based compliance inspections and enforcement against those not applying are vital to the success of the scheme. This will allow the Council to focus resource on non-compliant and criminal / rogue landlords that can be investigated to ensure that appropriate action is taken. Properties operated by these landlords are likely to be the worst managed and maintained properties, posing the greatest risks to the tenants. Focus will also be given to areas where licensing action will benefit such as where it is known there is poorer housing or attention to neighbourhoods where licensing activity will contribute to the scheme objectives. This will ensure a robust scheme that should be supported by those good landlords who want to see the whole sector improve.

Accreditation of private rented sector properties has been in place in the City for a number of years and is now branded as the 'Nottingham Standard' accreditation scheme. The accreditation schemes are managed outside of the Council and form a voluntary and market driven approach for improving housing standards. Accredited properties, as they have already been assessed by the Nottingham Standard accreditation provider, will receive much lower assessment by the Council.

Fees for selective licensing

The fee covers the recoverable costs of the licensing scheme. The licence fee will be taken in 2 parts (Part A and Part B) to ensure compliance with guidance and case law. This in part meets requests by applicants to pay by instalments, and minimises risks to the Council around recovery of non-payment of instalments. The first part of the fee will cover the costs of processing and determining the licence application, with the second part of the fee covering remaining recoverable costs (enforcement and compliance costs). The fees in Table 3 show the breakdown and total application fees. If an accredited landlord loses their accreditation during the duration of their licence then the difference in fees will become payable.

Table 2: Fees for Selective Licensing

	Fee	Comments
Standard fee	1 st payment £460 2 nd payment £320 Total £780	For non-accredited landlords

Fee for accredited properties	1 st payment £360 2 nd payment £120 Total £480	The proposed licence holder is accredited with the Nottingham Standard (either Unipol or DASH)
Finder's fee	£150	Where the Council has to do more than the normal amount of work to ensure a licence application/renewal is made.
Fee for moving between mandatory / additional to selective or vice versa	25% of the appropriate application fee	This is to ensure appropriate cost recovery of costs associated with the licence which will be issued under a different Part of the Act. Any new licence that is issued will run to same expiry date of the earlier licence. Please note – no fee will be payable for changes between mandatory / additional licensing, as these are under the same part of the Act (Part 2).
Missed inspections	£50	Failure to attend an agreed inspection a charge shall be levied
Part 1 Housing Act 2004	£350	Not all costs can be recovered from the licence fee. Under Part 1 of the Housing Act 2004 (section 49) the Council can charge for relevant costs linked to enforcement work. NB Once an invoice is issued, this charge becomes a local land charge on the property.
Extra correspondence	£30	Where the Council has to e.g. do more than normal to obtain further information to secure a valid licence application or provide copies of documents requested.
Application to vary a licence	No charge	Includes applications to change the manager, address, number of occupants.

The Council will only give a refund if:

- a duplicate application has been made
- an application has been made for an exempted property by mistake

The fees have been reviewed taking into account several factors including the changes to the operational model, online only applications, additional staff, revised overheads costs, changes to staffing costs and the expectation that, on average non accredited licence applications will take longer to process.

The Council will inspect a higher proportion of non-accredited properties, compared with accredited properties. It is anticipated that 10% of accredited properties will be inspected and 50% of non accredited properties will be inspected. This is likely to mean that not all landlords will receive an inspection.

The 2nd (Part B) payment is required if it is intended to grant the licence to cover enforcement and compliance costs. This part of the fee will be required when the draft licence is issued and payment due within 14 days (same as the representation period). Where payment is not received, a further 7 day period will be offered

following which the applicants financial circumstances and the initial proposal to grant a licence will be reconsidered. Where the finder's fee is applied this may affect the decision to issue a licence or not, and if a licence is issued, it may be for a reduced term.

Tenants will be encouraged to contact the service if they are dissatisfied with standards and management of their property and this will prompt a response in relation to licence compliance. Tenants of licensed properties will be proactively contacted at least once through the licence period to check on their satisfaction with standards and management.

Engagement support and liaison

The selective licensing scheme will allow greater opportunities to build better engagement with landlords, managing agents and other key stakeholders that have an impact on housing and neighbourhoods in Nottingham. A key role within the selective licensing team will be the role of the Housing Engagement Officer to provide a key focus to ensure engagement work takes a central role within the team. This will help with the overall success of the scheme. The role will help drive positive change across the sector and, through better engagement will work with those people to help make improvements to properties and neighbourhoods, ideally without the need for enforcement action. Where landlords choose not to improve and do not positively engage with the Council, they will be investigated and the appropriate enforcement action will be taken.

Performance Delivery and Review

A Governance Structure has been established to oversee delivery and outcomes. A performance framework covering, income and expenditure, delivery against purpose, review and development as well as risk will be in place. The Governance will be tiered to including Portfolio Holders, Senior Officers and those involved with delivery. It is proposed through engagement to gather information from those in receipt of service on service delivery outcomes and perception.

Governance

Tier 1: Project Board chaired by the Portfolio Holder for Housing and / or the Portfolio Holder for Community Protection

Tier 2: Selective Licensing Corporate Group Chaired by the Corporate Director for Commercial and Operations

Tier 3: Operational Delivery Group Chaired by the Director of Community Protection